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ABSTRACT

In 1998, the New Jersey Supreme Court directed schools in 30 poor urban districts to adopt a comprehensive school reform program by the 2000-2001 academic year. Part of this program involved delegating resource-allocation decisions to the school level, thereby increasing schools' effectiveness and productivity by bringing the perspectives of parents and school personnel into the decision-making process. A study was done to examine the implementation and consequences of school-based budgeting in the first 2 years of whole-school reform (1998-99 and 1999-2000). Schools were sampled in two reform cohorts: 32 schools in Cohort One, 26 schools in Cohort Two. School, district, and state department of education personnel were interviewed (approximately 280 individuals); questionnaires were sent to all teachers in the 57 study schools; and school-based budgets were collected to provide information. The study showed that reform implementation was conducted poorly because of unrealistic budget submission deadlines, inconsistent communication between school and state levels, insufficient information and training from the state, and micromanagement by the state. State micromanagement limited the schools' flexibility to allocate resources to meet student needs. The growing state role in school reform raises long-term questions about who is, and who should be, responsible for making fiscal decisions. (RT)

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Comprehensive School Reform and School-based Budgeting in New Jersey

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Comprehensive School Reform and School-based Budgeting in New Jersey

In 1998 the New Jersey Supreme Court issued its fifth decision in a nearly three decades old school finance case, *Abbott v. Burke*.[1] The Court's decision directed schools in thirty poor urban districts to adopt a comprehensive school reform program by the academic year 2000-2001.[2] In practical terms, the Court's mandate required nearly 450 schools in New Jersey to adopt such models in a three-year period. In mandating the statewide implementation of comprehensive school reform models, the Court designated Drs. Robert Slavin and Nancy Madden's Success For All/Roots and Wings (SFA) as the 'presumptive' model for the state.

An integral part of the whole school reform effort in New Jersey is the delegation of resource allocation decisions to the school level. Under the *Abbott V* decision and subsequent state regulations, schools are granted greater authority over both programmatic and budgeting decisions. Schools are asked to prepare zero-based budgets based on their whole school reform models and specific needs. The state expects schools and districts to meet these needs with existing resources.

School-based budgeting and site-based management policies are intended to increase the effectiveness and productivity of schools by bringing the perspectives of those closest to the students—parents, teachers and school building administrators—to the decision-making process, and by giving schools the flexibility to design programs and target resources to those services and programs that meet the unique needs of their students. Successful implementation of school-based management and budgeting requires the dissemination and use of financial and strategic planning information, and training in data analysis, budgeting and financial management.

The rhetoric of school-based budgeting in New Jersey reflects these goals. But to what extent are these principles reflected in actual practice? This paper uses data from a larger longitudinal study of whole school reform in New Jersey (Erlichson and Goertz, 2001; Erlichson, Goertz and Turnbull, 1999) to examine the implementation and consequences of school-based budgeting in the first two years of whole school reform (1998-99 and 1999-2000). After a brief summary of the study methodology, I describe the budgeting procedures incorporated in the state's regulations, focusing on the intended roles and responsibilities of the schools, districts and the State. I then look at how school-based budgeting was actually implemented by the State, our six study districts and the study schools. The last section of this paper discusses the consequences of the school-based budgeting process for the *Abbott* schools and school districts.

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[1] *Abbott v. Burke*, 710 A.2d 450, 153 N.J.480 (1998) (*Abbott V*). See Goertz & Edwards (1999) for a complete history of New Jersey's school finance cases.

[2] New Jersey classifies its more than 600 school districts by socio-economic status (SES) using the following census data: percent of population with no high school diploma, percent with some college, occupation, population density, income, unemployment, and poverty. *Abbott* districts fall into the lowest two SES categories and meet other state criteria for urbanicity.

Study Methodology

Whole school reform (WSR) implementation in New Jersey is organized in yearly *cohorts*. Seventy-two schools began implementing a model as a part of Cohort One during the academic year 1998-1999. Our study began concurrently with this implementation. We visited 32 schools, or nearly 45% of Cohort One, in the first year of the study. These schools, which were implementing four different WSR models, were clustered in three districts: a large urban city, a moderate urban city, and a suburban urban city. Eighty-three new schools joined Cohort Two in 1999-2000. We visited 26 of these schools in six districts, or 31% of Cohort Two during spring 2000. In addition to the Cohort Two schools, we also re-visited 20 of the 32 Cohort One schools from our first year study. In total, we collected data from 37% of the implementing schools and from 6 of the 30 *Abbott* districts. The study schools are implementing six different whole school reform models.

We gathered data from three sources. First, we interviewed principals, teachers, facilitators, and school management team chairs at each school as well as district personnel in five of our six districts. We also spoke to state department personnel from the finance and program divisions, SRI managers in the regional offices of the state department of education, and model developers and their field staff. In all, we interviewed approximately 280 individuals. Second, we distributed questionnaires to all teachers in the 57 study schools included in both Cohort One and Cohort Two. We received questionnaires from 838 teachers. The response rate for Cohort One schools was about 54% and about 40% for Cohort Two schools.[3] Finally, we collected school-based budgets in four of the six study districts.

It is important to note that our study was not a formal "evaluation" of whole school reform in New Jersey. Instead, our research sought to describe the processes used by the state department, districts, schools and developers to implement the *Abbott V* whole school reform mandates and to identify common obstacles or barriers to effective implementation, as well as actions taken to address these obstacles.

The State Context for School-Based Budgeting

The New Jersey Commissioner of Education issued regulations governing the first year implementation of whole school reform on July 1, 1998 and for the succeeding five years in October 1999.[4] The regulations set broad rules and expectations for *Abbott* districts regarding early childhood education, whole school reform, supplemental programs in secondary schools, and school facilities, as well as more specific guidance concerning the structure and preparation of school-based budgets. The regulations also established a new governing relationship between four separate entities: the state department field staff (SRI), the school management team (SMT), the district administration, and the state department (NJDOE).

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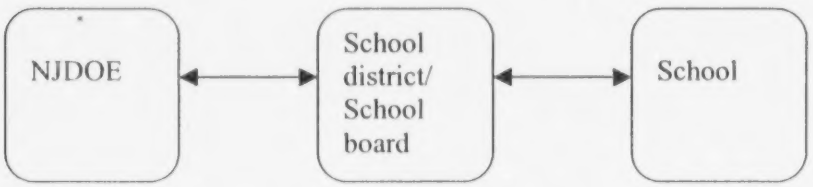
[3] Professor Barbara Turnbull of the Graduate School of Education at Rutgers University constructed the teacher questionnaires and collected the data in both years of the study.

[4] New Jersey Administrative Code (1999) 6:19A-1.1-9.6. These regulations were revised once more and recodified to N.J.A.C. 6A:24 in June 2000.

New Governance Structures

Prior to the *Abbott* V decision, the governance structure in urban districts resembled a traditional hierarchical organization where the NJDOE had little or no regular contact with schools. (See Figure 1.) Certainly, schools were responsible for meeting state requirements. However, most communication went through the school district administration. The primary entity that schools reported to, requested assistance of, and received information from was the "central office," "the Board," or "downtown." School-based budgeting was generally limited to small budgets for instructional materials and the allocation of Title I funds in schools approved to run schoolwide programs.

Figure 1: Traditional Governance Structure

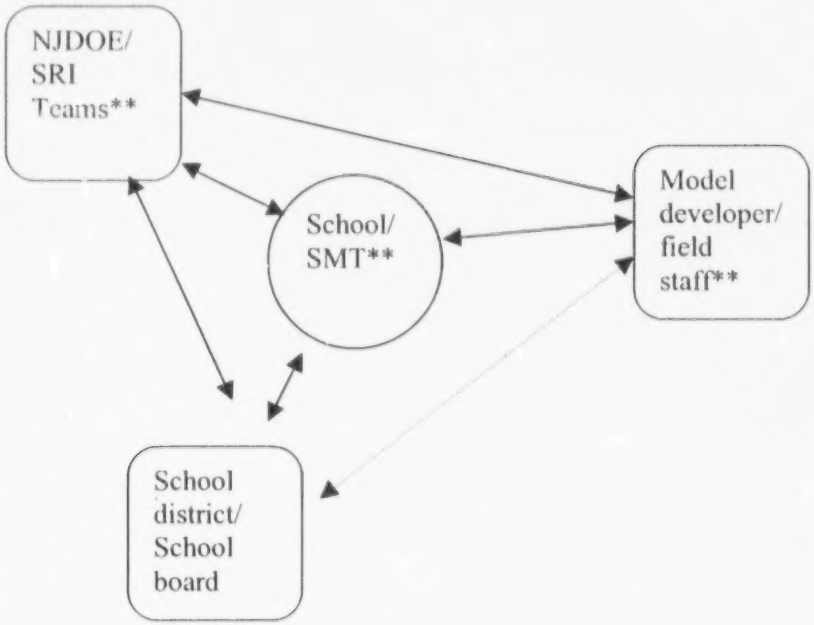


The *Abbott* regulations changed this governance structure in two ways. First, it gave schools direct control over their curricula and budgets. The superintendents of every *Abbott* district have to establish a school management team (SMT) at every school in their district. The SMT is to comprise the building principal and representatives of parents, teachers, and the community. The SMT's are expected to oversee selection of a WSR model, develop instruction and curriculum to ensure achievement of New Jersey's Core Curriculum Content Standards, design a program of professional development to help implement the school's WSR model, and prepare a school-based budget (unless the SMT opts out of this last responsibility).

Second, the regulations establish a direct reporting relationship between schools and the NJDOE, a relationship mediated by state School Review and Improvement Teams (SRIs) rather than school district administrators. Schools submit their educational plans and budgets directly to the NJDOE through a review process that involves the SRI Team members. The SRIs, which consist of NJDOE staff designated by the Commissioner, are assigned to every elementary school implementing WSR and to every secondary school in an *Abbott* district. They serve as liaisons between the NJDOE and the schools and offer technical assistance in programmatic and fiscal areas. As a result of considerable confusion during the first year of implementation, schools are allowed to more systematically consult with their district staff, but the state retains the responsibility to review and approve all school plans and budgets.

These governance changes now place the school at the center of interactions among the State, their district offices and their model developer. (See Figure 2.) This new structure subjects the schools to new communications networks, multiple messages and potentially competing demands.

Figure 2: New Governance Structure
** Marks new governance entities



School-based Budgeting Regulations

The procedures for developing, reviewing and approving school-based budgets (SBB) in the Abbott districts are contained in state administrative code, Urban Education Reform in the Abbott Districts (N.J.A.C. 6:19A-1.1 to 9.6). The budget process is summarized below.

1. Schools must develop zero-based budgets each year in a format prescribed by the Commissioner of Education that compares the proposed budget to both current year appropriations and a state-prepared illustrative budget for whole school reform model the school has selected. The principal is responsible for preparing the budget. The school business administrator is expected to help the principal develop the budget and to provide SMTs with budget training. The principal must seek input from building staff and the SMT about staffing and programmatic needs, and the SMT has the authority, if they choose, to approve the budget. As one state-level respondent explained, "We never intended the SMT to sit down and fill out budget forms."

2. Schools must use their local, state and federal revenues, except where prohibited by federal law, to fund their WSR model, required secondary programs and state-approved particularized needs. If anticipated funds are insufficient, the schools must reallocate existing resources to implement whole school reform.

3. Principals submit their budgets to their superintendent and local board of education prior to sending the documents to the NJDOE. If the central office raises concerns about a school

budget, the school can either change its budget or submit its original budget to the NJDOE with the local board's comments and the school's response to these comments.

4. The NJDOE then reviews and approves each school budget. After the NJDOE approves the school budgets, the district must allocate adequate funds for their support in the 2000-2001 district budget. Districts are expected to reallocate their own resources to meet these costs. Although the NJDOE gives districts the opportunity to review the school budget submissions, the regulations do not give districts the authority to over-ride the State's approval of school budgets.

5. If districts do not have sufficient funds to support their schools' budgets after reallocating their own resources, they can apply to the State for additional aid to implement the required reforms.

6. Schools can also request funding from their districts for non-required supplemental programs. This request must be based upon a demonstration of a "particularized need" that cannot be met through its WSR program or required secondary program and must be approved by the local board of education. The district can request additional funding for these supplemental programs from the State if resources are not available through reallocation of the district budget.

7. The NJDOE has the authority to approve districts' applications for additional aid, as well as to order schools and districts to reallocate resources to free up funds to support needed programs. If the NJDOE supports a district's request for additional funds, it then asks the state legislature to appropriate the needed funds for the ensuing year.

State Guidance and Technical Assistance in Budget Preparation

Faced with tight timelines and a shortage of staff, the NJDOE provided limited guidance and assistance to Cohort One schools and districts as they developed their school-based budgets in 1998-99. The Department took four steps to strengthen its support of the SBB process the following year, however.

First, program and fiscal staff developed and disseminated a *Guide for Implementing Urban Education Reform in Abbott Districts* that contained regulations, procedures and forms to be used in the preparation and submission of program plans and school budgets. School and district-level respondents found the contents of the *Guide* generally valuable, but felt that the State provided too much information too late in the budget process to help them prepare their 2000-2001 budgets. The 200 page *Guide* was distributed to district and school staff at NJDOE training sessions held in early November 1999, less than three weeks before the initial deadline for submitting the school budgets. (The deadline was subsequently extended two weeks.)

Second, the NJDOE included district staff in their budget training sessions, with the expectation that district personnel would provide "turnkey" training, as well as technical assistance, to principals and SMT members. State training, however, was limited to one, two-hour session at which NJDOE personnel, in the words of one participant, "read the book." Missing from the workshop was the hands-on, individualized training that many school budget

leaders desired. District staffs were unable to provide budget training to their schools because of the tight timeframe for producing school budgets. In many cases, NJDOE fiscal experts provided the hands-on training that was not available in the large workshops.

Third, the State provided direct technical assistance to schools through "budget managers" who are members of the SRI Teams. The State had always intended to provide direct technical assistance to schools in budget preparation. In the first year, the NJDOE was unable to hire fiscal experts in time to assist the schools with budget development. By fall 1999, however, the Department had hired ten persons with budget and financial expertise. These budget managers, who were based at regional centers, each had a caseload of about 20 cohort schools. This caseload was considerably higher than that of the program staff, who averaged 10 to 12 schools each. The Department had hoped to have 18 budget managers in place, but the State did not approve these additional positions until December 1999. The budget managers provided school-level training in the budget process following the November 1999 workshops. In addition, they worked directly with principals and SMTs in the preparation of the school budgets.

Finally, the NJDOE distributed illustrative budgets for each WSR model to further guide school budget preparation. As shown in Tables 1 and 2, the draft illustrative budgets contained resources for both the WSR programs and positions identified in the *Abbott V* decision (e.g., technology coordinator, security guard, counselor, social workers).[5] Although the WSR models differ considerably in their philosophy, content coverage, and pedagogical focus, the State illustrative budgets generally included similar kinds and levels of resources for each program.

The State made two changes in the illustrative budgets for elementary school whole school reform models between the first and second years of implementation. First, the NJDOE reduced the scope of the budget. In the first year, the State "blended" funds from early childhood, special education and bilingual education programs in the illustrative budgets. Thus the budgets contained more staff (about 15 to 20 positions) and allocated the resources to all students in pre-K through 5th grade. In the second year, the State limited the illustrative budgets to the regular education program in grades 1-5. Schools were to budget separately for their early childhood programs (kindergarten and 4 year-old programs), special education and other categorical programs. Second, the State no longer required schools that had not adopted the SFA model to budget for teacher tutors. Instead, schools with other models were allocated $300,900 in "additional resources for other strategies consistent with their model." This amount was equivalent to five teaching positions, with benefits.

[5] Only the draft illustrative budgets were available to us during the time of our data collection and analysis. In *Abbott V*, the Court adopted the NJDOE's plan for elementary schools which included a Family Support Team composed of a social worker, counselor, school nurse and parent liaison, and technology and security personnel. The justices also gave school districts the right to request and obtain other supplemental personnel if they demonstrated the need.

Table 1: Whole School Reform Models – Draft Elementary Illustrative Budgets

Model	ASP	America's Choice	CES	CFL	Comer	C0-Nect	Modern Red	SFA
Enrollment	416	416	416	416	416	416	416	584
Grade Span	1-5	1-5	1-5	1-5	1-5	1-5	1-5	PreK-5
SALARIES/BENEFITS								
Teachers	18	20	18	18	18	18	18	24
Regular	4	5	4	4	4	4	4	4
Principal	1	1	1	1	1	1	1	1
Facilitator	1	1	0.5	1	1	1	1	2
Social Worker	1	1	1	1	1	1	1	1
Counselor	1	1	1	1	1	1	1	1
Nurse	1	1	1	1	1	1	1	1
Parent Liaison	1	1	1	1	1	1	1	1
Lib/Media/Tech	2	2	2	2	2	2	2	2
Security	1	1	1	1	1	1	1	1
Clerical	2	2	2	2	2	2	2	2
Aides-Support	3	3	3	3	3	3	3	3
Teacher Tutors	0	0	0	0	0	0	0	5
Pre-K/K aides	0	0	0	0	0	0	0	7
Dist Project	0.25	1		0.25	0.25			0
Total Staff	36.25	40	35.5	36.25	36.25	36	36	55
Student/staff	11.5	10.4	11.7	11.5	11.5	11.6	11.6	10.6
Subs/Stipends	32100	32100	32100	42800	32100	32100	32100	32100
Benefits	304119	336816	295506	304119	304119	300096	300096	429408
Subtotal	**2025769**	**2240116**	**1969306**	**2036469**	**2025769**	**1999396**	**1999396**	**2847108**
NON-SALARY INSTRUCTION								
Curricular	76400	102900	114700	76000	76400	83200	81400	95600
Technology	54200	63400	62400	54300	54300	111100	65200	65200
Other	22200	26000	25500	22200	22200	22200	72300	26700
Curricular	8400	9800	29000	8400	8400	8400	8400	10100
Extracurricular	8200	9500	9300	8200	8200	8200	8200	9800
Professional	31000	31000	86000	27800	67100	65500	65500	146600
Summer Curr	3200	3700	3600	3200	3200	3200	7200	3800
Model coach	0	0	34000	0	0	0	0	0
Travel	1000	20245	0	0	0	8000	0	0
Subtotal	**204600**	**266545**	**364500**	**200100**	**239800**	**309800**	**308200**	**357800**
ADMINISTRATION								
Supplies	30600	35800	30600	30600	30600	30600	30600	36800
Equipment	13900	16200	13900	13900	13900	13900	13900	16700
Purchased Svcs	49100	57700	49100	49100	49100	49100	49100	59000
Misc	6500	7600	6500	6500	6500	6500	6500	7800
Subtotal	**100100**	**117300**	**100100**	**100100**	**100100**	**100100**	**100100**	**120300**
ADDITIONAL RESOURCES FOR OTHER STRATEGIES CONSISTENT W/MODEL								
	300900	300900	300900	300900	300900	300900	300900	0
TOTAL SBB	**2631369**	**2924861**	**2734806**	**2637569**	**2666569**	**2710196**	**2708596**	**3325208**
COST PER PUPIL	**6325**	**7031**	**6574**	**6340**	**6410**	**6515**	**6511**	**5693**

Table 2: Whole School Reform Models – Draft Secondary Illustrative Models

Model	America's Choice	CES	Comer	CFL	CES
Enrollment	675	675	675	675	900
Grade Span	6 to 8	6 to 8	6 to 8	6 to 8	9 to 12
SALARIES/BENEFITS					
Teachers	46.5	46.5	46.5	46.5	53.5
Reg. Specialists	0	0	0	0	0
Principal	1	1	1	1	1
Facilitator	1	0.5	1	1	0.2
Soc Worker	1	0	0	0	0
Counselor	2	2	2	2	3
Nurse	1	1	1	1	2
Parent Liaison	1	1	1	1	1
Lib/Media/Tech	2	2	2	2	2
Security	3	3	3	3	4
Clerical	4	4	4	4	9
Aides-Support	1	1	1	1	1
Dist Project Coord	1	0.15	0.2	0.25	0.15
Vice Principal	1	1	1	1	2
Dropout Officer	1	1	1	1	1
Health/Social Service	1	0	0	0	0
Schl to Work Counsel					1
Total Staff	67.5	64.15	64.7	64.75	80.85
Student/Staff ratio	10.0	10.5	10.4	10.4	8.4
Subs/Stipends	85000	85000	64400	86000	73200
Benefits	592434	562718	568917	568917	693398
Subtotal S/B	**3968734**	**3773928**	**3788728**	**3815567**	**4618808**
NON-SALARY INSTRUCTION					
Curr materials	140100	160000	124500	124500	165400
Technology	88400	88400	88400	88400	117400
Other Equipmt	39600	39600	39600	39600	55400
Curr Consultant	13700	41700	13700	13700	85500
Extracurr	13200	13200	13200	13200	17600
PD	45300	118300	91000	45300	211300
Summer Curr Develop	5000	5000	5000	17442	6800
Model coach	0	35000	0	0	64200
Travel	25000	0	0	0	0
Subtotal	**370300**	**501200**	**375400**	**342142**	**723600**
ADMINISTRATION					
Supplies	49900	49900	49900	49900	66300
Equipment	22700	22700	22700	22700	30100
Purchased Svcs	80500	80500	80500	80500	106800
Misc	10700	10700	10700	10700	14100
Subtotal	**163800**	**163800**	**163800**	**163800**	**217300**
TOTAL SBB	**4502834**	**4438928**	**4327928**	**4321509**	**5559708**
COST PER PUPIL	**6671**	**6576**	**6412**	**6402**	**6178**

The illustrative budget for every elementary school model, except SFA, covered grades 1-5. With the exception of America's Choice, these models included the same number of teachers, regular specialists (e.g., art, music, physical education, foreign language), administrators, and student and administrative support staff. The only differences in the budgets appear in the facilitator and/or district project coordinator lines, and in non-salary instructional costs. The two models that are more technology-intensive – Co-Nect and Modern Red Schoolhouse – have higher budgets for technology and other equipment. Some models, such as Accelerated Schools and Community for Learning, budgeted less for professional development than other models. The total cost of these models is similar, however, ranging from a per pupil cost (in grades 1-5) of $6325 for Accelerated Schools to $6574 for Coalition of Essential Schools. The America's Choice budget added two more teachers and a specialist, raising its per pupil cost to $7030. The Success for All illustrative budget included kindergarten and pre-kindergarten in its staffing and non-salary costs.

At the middle school level, the America's Choice illustrative budget included three more staff than the other models – a social worker, health and social services coordinator, and district project coordinator. As with the elementary school models, budgeted non-salary instructional costs varied someone across models. Variation in the overall cost of the middle school models was small, however, ranging from $6400 to $6670 per pupil.

A state respondent explained that:

> *[We] worked back and forth with the model developers, as to what was in the model. [But] I'll be honest with you; the staffing levels of all the models are the same, and that's based on a study to get the 1:21 ratio of kids and everything else... The greatest amount of debate was in the non-salary cost, and the developer's fees and the curriculum materials and supplies, and the technology costs.*

The School-based Budgeting Process

Schools in the *Abbott* districts confronted a new task—developing school-based budgets that supported the needs of their whole school reform models and of their students. They faced this challenge within a new governance structure and with little training. How did they proceed and where did they turn for help?

In early November 1999, schools received the State's *Abbott* implementation guide and cursory training in its use. The *Guide* provided extensive information about the development of whole school reform implementation plans, but did not contain the related budget worksheets. The budget work papers were sent to districts about a week later, along with illustrative budgets for most, but not all, of the WSR models. State budget managers met with school staff to provide additional training and assist them in the preparation of their school budgets. The timeframe was short, however. Budgets were initially due to the NJDOE on December 1, 1999. Although this timeline was subsequently extended to mid-December, schools had less than six weeks to identify their staffing and programmatic needs, develop a zero-based budget to support these needs, and link budget lines to their WSR implementation plans. In addition, schools were expected to submit their budgets to the NJDOE electronically in a DOS format. Middle and high

schools had to complete additional forms for their Required Programs for Secondary Schools (RPSS).

The burden of preparing the budgets fell most heavily on the building principals who were given primary responsibility for budget development under the new NJDOE regulations. In one study district, building SMT teams voted not to participate in the budget process. The superintendent of another district required principals to chair their SMTs "to make sure that the principal is running the school and not just a committee." Even when SMTs remained involved in the budget process, their role was often confined to "coming up with major ideas" (School 19) and approving budgets drafted by their principals. The SMT chair in one school felt their team did not receive the training necessary to play a meaningful role in budget decisions:

> *It was said that the management team had to work on the budget, but we had no background, no knowledge...We were strictly here for our signatures, especially as a chairman (School 20).*

Other teams muddled through the regulations along with the principal. At one school, the entire SMT conducted assessments of parent and teacher needs at the start of the school year, but then included only non-teaching staff in the actual budget creation process (School 2). A few schools formed budget committees; in others, the principal picked a few members of the SMT to work with him or her on the budget.

In both of our study years, teachers who were not involved in the SMT had little to do with the budget process. In 1998-99, only 19% of the teachers responding to the survey felt they had influence in how their school spends money. The following year, a slightly larger percent of teachers (25%) felt this way (Table 3). There was some variation across the six study districts in 1999-2000, however. The percentage of teachers reporting they had influence in spending decisions ranged from a low of 16% in the district that did not involve SMTs in the budget process to a high of 30% to 31% in two other districts. Few teachers reported they knew how much money their school had to implement its whole school reform model (24%), or how this money was being spent (31%). Although several of the districts and the State encouraged more school-level involvement in the budget process in the second year of implementation, there was little reported change in teacher knowledge of their school budgets between 1998-1999 and 1999-2000.

Table 3: Percent of Teachers Responding 'Agree' or 'Agree Strongly' with Budget Questions

	Cohort One Schools 1998-1999	Cohort One Schools 1999-2000	Cohort Two Schools 1999-2000
I have influence in how our school spends money.	18.9	18.7	24.6
I know how much money the school has to implement this model.	22.9	22.4	24.0
I know how this school is spending money to implement this model.	25.2	30.2	30.7

Time was a contributing factor to these decisions. Few principals wanted to pull teachers out of class to work on the budget, a necessity if their district did not provide overtime pay. The short timeline presented by the State did not allow sufficient time to bring everyone up to speed on the details of the budget. And, many principals felt their teachers had their plates full implementing new instructional programs. As one principal explained:

> *I've tried to carry that weight [of the budgeting process] because I knew there was so much on [the teachers] in terms of [our WSR model]...so many things they were required to do in terms of looking at student work and critiquing student work. So, in terms of all of the paper work that is involved around Abbott, I have tried to curtail that to this office or with the leadership team that we have and it is an awful lot of paperwork, it really is (School 3).*

In other cases, principals felt that the budget ultimately was their responsibility.

> *There are some times when a principal has to make the decision, or maybe knock down decisions the school management team made...If something happens the superintendent doesn't call the school management team, the superintendent raises Cain with the principal (School 6).*

With little time for deliberation and reflection, schools turned to the illustrative budgets and their budget managers for help in preparing budgets. Across the study districts, school staff reported that they relied heavily on the illustrative budgets:

> *We followed [the illustrative budget] completely and we thought everything was just going to be approved just like that. We thought whatever was in that budget that's just what we did (School 8).*
>
> *My whole budget was shaped...built around [the illustrative budget] (School 25).*
>
> *There were some things that we asked for in excess of [the illustrative budget]. But basically [our budget] was based on the illustrative budget (School 18).*

In some schools, the WSR facilitators used the illustrative budget as a checklist to ensure that schools included all the personnel required by their model.

While the illustrative budgets were intended to clarify the components of the school budgets, school and district staffs were not certain how closely they were supposed to adhere to these model budgets. Three problems emerged from the interviews. First, some district staff found the staffing numbers and average salaries in the illustrative budgets unrealistic. Noted one district respondent:

> *Illustrative budgets may well have been designed by people who never stepped in a school and didn't know how things work. Everybody's needs are different and trying to put yourself into a cookie cutter that somebody dreamed up, it was not an easy task...We weren't interested in using our energies to fight the powers that be. So we tried very much to stay within [the illustrative budget]. But frankly, we*

find it impossible...We have some schools that are larger than the illustrative budget would allow, and others are smaller.

Another district respondent argued:

You can't put a blanket salary amount when you have people getting different salaries in different counties. I mean our teachers on the high end will make $70,000. There are other teachers who don't make anywhere near that. And so they come up with an average salary that doesn't make any sense...The State tried to put everything into not only a physical model, but a financial model. You can't blend the two together.

Second, schools, districts and the State did not always agree on what was allowable under the *Abbott* guidelines. Schools were especially confused about which programs and services were "inside" and which were "outside" the model, thereby requiring them to submit an application for a "local particularized need." In order to add positions or programs that are not part of a WSR model, schools must first demonstrate that they have *particular* student needs that are the cause of student failure in achieving the state's Core Curriculum Content Standards. If these needs cannot be addressed by the existing WSR or required secondary programs, schools may request funding for additional programs and services that are essential and effective in helping these failing students. Districts can include these additional programs in their local budgets, or request supplemental state aid to fund them.

Schools received conflicting answers from their districts and their state budget managers about what should be included in their budgets. One district, for example, told its schools to put all justifiable staff into their regular budgets, including positions that might have been designated as "particularized needs" in other jurisdictions or by state budget managers. Another district chose not to request supplemental programs because it had not had time to do the requisite needs assessment. A third district felt that the school budgets approved by the NJDOE were sufficient to cover the schools' programs without resorting to the "particularized needs" process. The State also was not clear on which budget items required additional justification. One principal reported s/he was told by the state budget manager to submit something as a particularized need, then to include it in the regular budget, and then to submit it as a particularized need. While some schools reported having vice-principal positions rejected by the NJDOE, a state respondent said, "these things are not particularized needs, in most circumstances. They're part of the illustrative model." In some cases, schools asked their developers to certify that certain components were "inside" their model's program.

Third, schools received mixed messages about how much flexibility they had to allocate staff within their model budgets. A state respondent argued that the illustrative budgets were meant to be just that – illustrative : "They were never intended to be a rigid prescription." Some budget managers used the illustrative budgets as rigid templates, however. In some schools, the NJDOE denied staff positions it believed were unjustified and forced schools to accept staff positions that schools felt were unnecessary. One school reported it had been denied a vice principal and a disciplinarian, although the principal thought they could justify the positions (School 12). Another school budgeted for additional tutors to fill the model requirements, but did not succeed in having these positions funded. Schools also had difficulty if they chose not to

design their staffs according to the illustrative budget. One school that wanted to hire two writing teachers instead of a social worker or a foreign language teacher reported it had to get waivers to opt out of the required positions. The additional work required to allow schools to opt out of certain staff positions acted as an incentive for schools to add staff members. As a district respondent described the situation,

> *The state said, 'You will have to write a justification for why you don't want a social worker and if problems arise in the future, you'll be held accountable and not us.' Then the principal said, 'Let me get this right. I have to write a plan if I don't want a social worker?' They said yes. He said, 'You convinced me, I need a social worker.' So the school actually left with four more staff positions than they were ready to defend going into the process.*

In the end, school budgets were largely the result of negotiations between schools and their budget managers. As one district financial officer described the situation,

> *If I am free to negotiate with the NJDOE on behalf of my school and my negotiator is more savvy than this school's negotiator then I could get funded at a higher level. The NJDOE had the illustrative budget which was supposed to have driven this but the actuality of how the budgets went were very negotiated.*

However, differences in fiscal savvy did not explain all of the variation. As one district respondent noted:

> *To the degree that a school is better prepared to [articulate their needs], they got a better time from the NJDOE. But even that wasn't consistent. You could have a very articulate bright principal or management team in this school and they make their argument and then you have the same situation in another school and they make their argument, and depending upon who the evaluator was for the NJDOE, you may have gotten different answers back.*

In another study district, elementary schools using a similar WSR model submitted comparable budgets. One of the principals reported that

> *one or two were accepted and one or two were rejected and they had the same things in them, so we assume that different people are reading them at the NJDOE (School 17).*

There are several possible explanations for this inconsistent interpretation of policy. The first is that the budget managers were housed in regional offices, not in Trenton. So, they had few opportunities to discuss or compare their review criteria with each other or with state fiscal staff. The second is turnover in fiscal staff in the NJDOE. As one district respondent noted, high turnover in Trenton left "nobody to make the decisions that need to be made, set the policy." The split authority between fiscal and program staff may also have contributed to inconsistencies. While school budgets were to be reviewed by both offices, program and fiscal staff often did not review them together. It appears from interviews at the state level that NJDOE fiscal and programmatic staff did not always interpret policy in the same way.

The districts in our study did not play a *substantive* role in the development of school budgets. In the first year of implementation, the State limited the role of districts in the school-based budgeting process. To minimize what it feared would be central office interference in school budget decisions, the State required schools to send their budgets simultaneously to the state and local district for review. In the second year, in an attempt to increase district involvement in the budgeting process, the State gave districts a two-week period to review and comment on school budgets prior to their submission to the Department. But most district staff continued to feel shut out of the budget process. One respondent explained his district's decision not to assign a per pupil expenditure to its schools as it had done the previous year.

> *We have the illustrative budgets, the SRI team coming in to assist each school with budget development and we have the [state budget] forms and the process that emerges from this year's guidelines... I was not comfortable with this process because essentially the central office was cut out of it...We did not use the per pupil expenditure model this year because we never were in the loop that directly and we made a decision. If we go with this process we are going to wind up with a much larger allocation than if we ran the process.*

In another district, schools were told to put whatever they wanted in their budgets. Principals understood the superintendent's position to be "ask for more, more is better. That's what we did" (School 19).

With illustrative budgets and state fiscal staff driving the content of school budgets, district personnel limited their activities to disseminating school-level information about prior year expenditures and projected revenues, assisting in the *process* of compiling school budgets, and, in some cases, inputting school budgets into the State's computer system. One district described its involvement in the following way:

> *The schools had to make the final decisions on what would go into their budgets, which they did. We only provided the assistance on how to write the objectives properly, if they were including all of the mandated positions. We were really the checker of what should be in, so that they weren't in a bind at the end, that they hadn't included this and they should have. Personnel helped them with numbers of students versus numbers of teachers to keep the ratios the way they should be. We each provided information to them that would benefit them and help them meet the state requirement...But they were really on their own with the money piece.*

Two of the study districts gave schools and trained school staff in the use of a computerized budget-planning tool developed by the Trenton School District. This program enabled schools to allocate resources based on their school size and using different budget assumptions. Other districts translated the NJDOE forms into Excel worksheets to facilitate the budget preparation process and to minimize mathematical errors. Fiscal and program staff assisted schools in other ways, answering questions and helping schools fill out the NJDOE's voluminous and complex programmatic and budget forms. In addition to providing technical assistance, the districts helped schools focus on the needs of their children and buildings. One principal remarked,

[They] kept us mindful of the direction we should go in and that the money should be concentrated on the children and programs that were going to benefit the children's education (School 30).

The supportive posture of the district offices carried over to their review of school budgets. As the NJDOE gave districts only two weeks to review school budgets prior to submission to the State, district staff generally checked budgets only for accuracy, consistency, and appropriate justifications of budget items. One district respondent explained the process as:

We took a look at enrollments, did an analysis about whether staffing matched the criteria in the illustrative budgets, and looked at implementation plans. From a budget perspective, whether the numbers added up, staffing was in line with the model, the budget was under the bottom line of the illustrative budget.

Two of the smaller districts looked to see whether their schools were providing a consistent level of staffing, programs and equipment. A respondent in one district noted,

if one school had one teacher for every ten kids, the other one shouldn't have one for every 15 or something like that.

Central office staff made reallocation decisions in consultation with their school leadership:

You can't offer a music program in one elementary school and have the principal in another decide he's going to reallocate and not give his kids music. There really has to be a meeting of the minds.

In a few cases, districts asked schools to add positions and/or programs. Another district ensured that all schools addressed the NJDOE mandates, whether it was security, technology or minimum class size. A third district required all elementary schools to include new, district-wide initiatives in their school budgets. But a respondent in another district argued that the strong NJDOE role in school-based budgeting limited the ability of a district to exert its vision of education.

Districts made few cuts before sending school budgets to the State. One district respondent explained:

We were...not experts in each model, how were we going to determine what was allowable in each model? We know that the enrollments were up in the various schools...none of the classroom teachers were reduced. In terms of supplies, some schools have more than they need, but again we weren't going to second guess the models.

District staff also did not want to place themselves in an adversarial position with their schools. A respondent in one district noted, "We didn't put negative comments on the budgets…we weren't going to be against the schools." Another district, which approved most school budgets, cultivated a sense that they would serve as an advocate for the schools. As one principal said, "They will fight for us with the NJDOE, but only if it is justified" (School 8).

The district-reviewed budgets were sent to the NJDOE, which in turn appeared to make only minor cuts to the school budgets.

Consequences of the School-based Budgeting Process

At the School Level

As noted in the beginning of this paper, the intent of school-based budgeting is to give school community members the authority and flexibility to design programs and target resources in ways that address the needs of their students. Successful implementation of SBB also requires relevant information and appropriate training. To what extent was the promise of SBB realized in the study sites?

Empowerment. Our data show that the principal was given considerable responsibility for preparing the school budget, but few other members of the school community were involved in the budgeting process. Fewer than 20% of the teachers responding to our survey reported that they participated "often" or "always" in the development of their school budgets or in setting spending priorities. Yet, 55% of these teachers wanted to have regular involvement in the school budget process and 65% in making spending decisions. As discussed earlier, a lack of time and training limited teacher involvement in SBB.

School-level respondents also expressed a tremendous amount of frustration over the limited amount of empowerment that has accompanied the introduction of site-based management. One principal joked that he had 100% of the responsibility, but 50% of the power. Another commented that:

> *The use the buzzword site-based management. That's a load of baloney, because you don't have it. It goes to the NJDOE and the NJDOE's going to tell you what you can or can't have. So basically, site-based management is a fallacy (School 12).*

Other principals felt that in spite of SMT, their district administrators still called the shots.

> *We can decide what toilet paper to use. The NJDOE gives the district the power to limit us, while shining a spotlight on the school (School 4).*

Flexibility. School-based budgeting is supposed to give schools flexibility to relate the level and allocation of school resources to school needs and program design, particularly the whole school reform model adopted by a school. The State's illustrative budget was supposed to inform these relationships. Instead, as we saw, the NJDOE created a generic input model that is applicable to all schools, regardless of their programs or needs. As one district respondent described the situation:

> *The decisions are being made as to which reading program they can adopt in those schools where they have models, where they're allowed to choose. But they also have the mandated positions they must have by the NJDOE. They have to*

have the mandated positions the model calls for, so they really aren't able to maneuver too much as far as staff is concerned...There isn't much after salaries, there isn't much left for them to use for other particular things...It isn't easy for them.

As one measure of budgetary flexibility, we looked to see whether school budgets in the four study districts for which we had data differed across models within each district and by model across districts. The budgets reported actual resources for the 1999-2000 and budgeted resources for the 2000-2001 school years by major expenditure categories. We compared actual resource allocation patterns with illustrative budgets for the primary models used in these districts. Some direct comparisons are difficult (e.g., the number of teachers) because of differences in the size of the model school and the operating schools. Therefore, we computed student/staff ratios and per pupil costs where appropriate to facilitate comparisons.

The resulting budget patterns can be characterized as "Illustrative Budget Plus." As shown in Table 4, elementary schools budgeted the positions included in their illustrative budgets and, in many cases, added vice-principals, teacher tutors, basic skills teachers, attendance staff, additional security and instructional aides. These data confirm the observation of one district respondent that schools raised themselves to the level of the illustrative budget where it represented an increase in their current spending or resources, and then added vice principals, additional equipment and additional instructional support staff that were not in their model(s).

As a result, there was little variation in resource allocation patterns across models and districts. Schools in District 2, which, on average, are larger than the model school or schools in the other study districts, tended to budget for a vice-principal. Many of these schools also included in-school suspension personnel, perhaps reflecting a district priority. Elementary schools using the Community for Learning model were more likely to employ teacher tutors than were schools using Accelerated Schools, America's Choice or the Comer program.[6]

[6] While student/staff ratios were consistent across districts and models, per pupil costs were not. Average costs varied more across districts than across models. For example, average school budgets in District 2 range from $5200 to $6000 per pupil, while those in District 5 run from $7100 to $7600 per pupil. One reason for these differences is the variation in average salaries across communities. A second factor is the interaction of average school size and the fixed cost of the non-instructional staff contained in the illustrative budgets. Districts with small schools (e.g., in Districts 4 and 5) had higher per pupil costs for the mandated, non-instructional positions. Districts with larger schools (such District 2), conversely, had lower per pupil costs for these staff.

Table 4: Comparison of Draft Model and Average School Budgets: Elementary Schools

Model	**Accelerated Schools**			**America's Choice**		**Community for Learning**		
	Model	Average District 5	Average District 2	Model	Average District 3	Model	Average District 2	Average District 5
Grade Span	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5
Enrollment	416	301	589	416	421	416	587	347
Teachers: 1 to 5	18.00	14.33	25.00	20.00	18.60	18.00	25.71	16.75
Regular Specialists	4.00	3.53	8.50	5.00	3.88	4.00	9.63	3.59
Principal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Facilitator	1.00	1.00	1.00	2.00	2.00	1.00	1.14	1.50
Social Worker	1.00	0.33	1.00	1.00	0.80	1.00	0.93	1.00
Counselor	1.00	1.00	1.00	1.00	0.90	1.00	1.43	1.00
Nurse	1.00	1.00	1.00	1.00	1.00	1.00	1.29	1.00
Family Liaison	1.00	1.00	1.00	1.00	1.20	1.00	1.14	0.88
Lib/Media/Tech Coor	2.00	1.50	2.00	2.00	2.00	2.00	2.31	1.88
Security	1.00	1.00	2.00	1.00	0.25	1.00	2.57	1.00
Clerical	2.00	2.00	3.00	2.00	2.00	2.00	2.57	1.88
Support Aides	3.00	0.00	0.00	3.00	0.00	3.00	3.00	0.25
Dist/Project Coach	0.25	0.00	0.00	0.00	1.20	0.25	0.00	0.00
Teacher Tutors	0.00	0.86	0.00	0.00	0.00	0.00	2.71	1.92
PreK/K Aides								
Vice Principal	0.00	0.00	0.00	0.00	0.60	0.00	1.29	0.00
Basic Skills/IST	0.00	0.00	0.00	0.00	2.60	0.00	0.71	0.00
Instructional Aides	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.50
Non-instruct Aides	0.00	0.00	0.00	0.00	0.60	0.00	0.11	0.00
Attendance	0.00	0.17	0.00	0.00	0.00	0.00	0.43	0.35
In-School Suspension	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00
SAC Counselor	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00
Full-time Substitutes	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
Other	0.00	0.08	0.00	0.00	0.00	0.00	0.00	1.00
Total Staff	**36.25**	**29.13**	**46.50**	**40.00**	**39.63**	**36.25**	**58.55**	**35.50**
Pupil-staff ratio	**11.48**	**10.33**	**12.67**	**10.40**	**10.62**	**11.48**	**10.03**	**9.77**
Non-Salary Costs	605600	451162	672361	684745	536671	601100	573253	413573
Total Costs	**2631369**	**2287950**	**3227639**	**2924861**	**3006437**	**2637569**	**3560976**	**2553223**
Cost per pupil	**6,325**	**7,601**	**5,480**	**7,031**	**7,141**	**6,340**	**6,066**	**7,358**

Table 4: Comparison of Draft Model and Average School Budgets: Elementary Schools (cont'd)

Model	**Comer**			**Success for All**			
	Model	Average District 2	Average District 5	Model	Average District 2	Average District 4	Average District 5
Grade Span	1 to 5	1 to 5	1 to 5	PreK to 5	PreK to 5	PreK to 5	PreK to 5
Enrollment	416	461	309	584	764	477	482
Teachers: 1 to 5	18.00	23.00	13.50	24.00	34.00	23.50	21.34
Regular Specialists	4.00	5.05	5.09	4.00	8.83	3.79	3.79
Principal	1.00	1.00	1.00	1.00	1.00	11.13*	1.00
Facilitator	1.00	1.00	1.00	2.00	1.75		1.70
Social Worker	1.00	0.83	1.00	1.00	0.75		0.60
Counselor	1.00	1.25	1.00	1.00	1.50		1.20
Nurse	1.00	1.25	1.00	1.00	1.50		1.00
Family Liaison	1.00	1.00	1.00	1.00	1.00		1.00
Lib/Media/Tech Coor	2.00	1.95	1.50	2.00	2.25		1.90
Security	1.00	2.00	1.00	1.00	2.00		1.20
Clerical	2.00	2.25	2.00	2.00	3.00	3.25	1.90
Support Aides	3.00	0.50	0.10	3.00	3.00	2.25	0.10
Dist/Project Coach	0.25	0.25	0.00	0.00	0.00	0.00	0.00
Teacher Tutors	0.00	0.00	0.00	5.00	7.25	6.88	4.64
PreK/K Aides				7.00	5.75	8.75	4.80
Vice Principal	0.00	0.25	0.00	0.00	0.75	0.00	0.00
Basic Skills/IST	0.00	0.75	0.00	0.00	0.00	0.00	0.00
Instructional Aides	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-instruct Aides	0.00	0.50	0.00	0.00	0.00	0.00	0.00
Attendance	0.00	0.00	0.50	0.00	0.25	0.00	0.42
In-School Suspension	0.00	0.25	0.00	0.00	0.25	0.00	0.00
SAC Counselor	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Full-time Substitutes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.40
Total Staff	**36.25**	**43.08**	**29.69**	**55.00**	**74.83**	**59.55**	**46.99**
Pupil-staff ratio	**11.48**	**10.70**	**10.41**	**10.62**	**10.21**	**8.01**	**10.26**
Non-Salary Costs	640800	483423	409328	478100	454828	579474	616445
Total Costs	**2666569**	**2676613**	**2255284**	**3325208**	**3885421**	**3141983**	**3485755**
Cost per pupil	**6,410**	**5,806**	**7,299**	**5,694**	**5,086**	**6,587**	**7,232**

* Sum of non-instructional staff (e.g., principal...security)

While schools had resources that exceeded their illustrative budgets, principals complained that the budget process did not provide schools with the ability to target the areas of central concern to them. As one principal explained:

> *We have to follow the model...A lot of schools might have wanted a Substance Abuse Counselor instead of a social worker, but [the model] calls for a social worker. We're bound now by the state's class size mandates. So while you're doing [the budget] yourself, you still have very tight controls on what you're doing.*

One explanation for the NJDOE's strict adherence to the illustrative budget is its interpretation of the Supreme Court decisions in *Abbott V* and *Abbott VI*. In the *Abbott V* decision, the justices called for the implementation of specific programs and positions proposed by the Commissioner of Education. A concurring opinion written by Justice Stein in *Abbott VI*, a case that focused on the State's implementation of early childhood programs, raised concern about whether the implementation of whole school reform generally was adhering to the Court's "opinion and assumptions in *Abbott V*." A state respondent noted that:

> *our attorney general's office is saying, 'look, [Abbott VI] made it clear. If you told the Court that's what was going to be in the model, they're expecting you to have it'. So we're having some problems with flexibility...because of a legal interpretation, or in anticipation of what they can defend or can't defend in court.*

Information and training. A pre-requisite for successful school-based budgeting is relevant financial and strategic planning information and the knowledge of how to use these data. The NJDOE, however, lacks the capacity to train and to provide on-going support to school and district staff involved in school-based budgeting, and to review over 400 school budgets. Many of the state's budget managers lack experience in schools and/or with whole school reform models, and those who do develop this expertise often move on to other jobs. State department and local fiscal staff turned over as well. The Department's fiscal staff that oversaw the first two years of SBB implementation has left their positions, as have several Abbott district business administrators.

Many school staff felt overwhelmed by the paperwork and the State's outdated reporting technology as well. Schools had to submit dozens of pages of budget documents linked to even longer implementation plans in a user-unfriendly DOS format called the DOENET. State respondents felt their attempts to develop a more appropriate electronic reporting system were hampered by other technology priorities in the Department of Education. Districts tried to ease school burdens by converting State forms into Excel spreadsheets, but then schools had to translate budgets back into the NJDOE format, essentially entering data into a computer for a second time.

The reconfigured governance structure also had the unintended consequence of forcing schools to filter inconsistencies in messages from the multiple participants in the school budgeting process. As discussed earlier in this paper, schools received conflicting answers from their districts and their state budget managers about what to include in their budgets, as well as

about the degree of flexibility they had to allocate staff within these budgets. As one principal commented,

> *There are too many agendas going and sometimes you feel like we're not all working on the same page (School 1).*

Another principal characterized the situation as,

> *We're being pulled by our district, we're being pulled by the NJDOE. What do you do? And no one has the right answer. They don't all give the same answers. It makes a mockery of the educational system (School 2).*

At the District Level

In creating a new governance structure, the Abbott regulations created considerable ambiguity about the district's role in school-based budgeting. Although the State gave districts an opportunity to review and comment on school budgets prior to their submission to the State, authority to approve school budgets remains with the Department of Education. This shift in authority from the central office to Trenton creates both leadership and fiscal problems for districts.

The strong state role in school-based budgeting process limits districts' abilities to set goals and establish spending priorities. As one district-level respondent argued,

> *I think it's very difficult to have a vision for the district now because of the policies and procedures that the NJDOE has promulgated as a result of the court decision. For budgeting, for example, they deal directly with the school. I mean the Board to the degree that it wants, I guess, can set some policy and what have you, but the Board has no more right than to comment on the budgets…You can say we want all students to learn to the best of their abilities, and we want everybody to pass the test and all that type of stuff, but you know the schools have the ultimate say now.*

Some districts tried to maintain their traditional relationships with their schools. This has at times meant that schools received conflicting messages from the district administration and the NJDOE.

A second problem is that while districts remain legally responsible for developing balanced budgets, they cannot control the size of a major portion of their budget – school expenditures. When the *Abbott* districts totaled the state-approved school budgets, they often exceeded anticipated school-level expenditures. In the past, districts would practice incremental budgeting, determining which of many school requests they could afford. As one business administrator explained, "We knew what principals were going to ask for, what were the legitimate reasons for the money, and what could be cut/slashed."

Now, unable to raise taxes or reallocate sufficient central office funds, four of the study districts applied for supplemental state aid.[7] In addition, districts cut their central office budgets, generally in the areas of technology and facilities. Some of the district staff hoped that the facilities reductions would be offset by new dollars from the court-ordered state facilities program. The NJDOE required districts to make other changes, such as reducing the average salaries budgeted for new staff or projected expenditures on "out-of-district" tuition for special education students.

District administrators generally did not dispute the State's right to oversee district spending, especially when most of their revenues come from state aid. They did contend, however, that the State should allow schools to work with the superintendent on the budget, and let the Board approve the total district budget before it goes to the State. Then if the State has problems, it can work with the schools and central office to allocate and reallocate resources. At question is who shall set educational policy for the district – the local board of education and the superintendent, or individual schools through their whole school reform selections? Will districts be policymakers or managers of whole school reform programs?

Conclusion

Although the stated intention of school-based decision-making in the *Abbott* schools is to rebuild schools from the "ground-up," the State has micro-managed the development and content of school-based budgets. This micro-management, in turn, limits the flexibility of schools to allocate resources in ways that the school community may feel is necessary to meet the needs of its students. The growing state role also raises longer term questions about who is, and who should be, responsible for making fiscal decisions—schools, districts or the State.

In many ways, New Jersey's story is unique. No other state supreme court has delved so deeply into the core of education, dictating the process of education, as well as its inputs. In other ways, New Jersey presents lessons to other states that are exploring the relationship between educational adequacy and educational finance. If a state--through its legislature or judiciary--defines the elements of an adequate education, should it use these elements to define the parameters of a school budget? How much flexibility should school staff have to allocate school resources within this budget? Where should accountability for responsible use of resources lie--with the school or the school district?

[7] Twenty of the 30 Abbott districts initially filed for supplemental funding for the 2000-01 school year. Seventeen received additional supplemental funding, although the final amounts are just being decided due to districts' appeals. The total initially approved by the NJDOE was $156.6 million, or approximately one-third of the final requests submitted by the Abbott districts.

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